

# Level 3 & The Missoula Plan

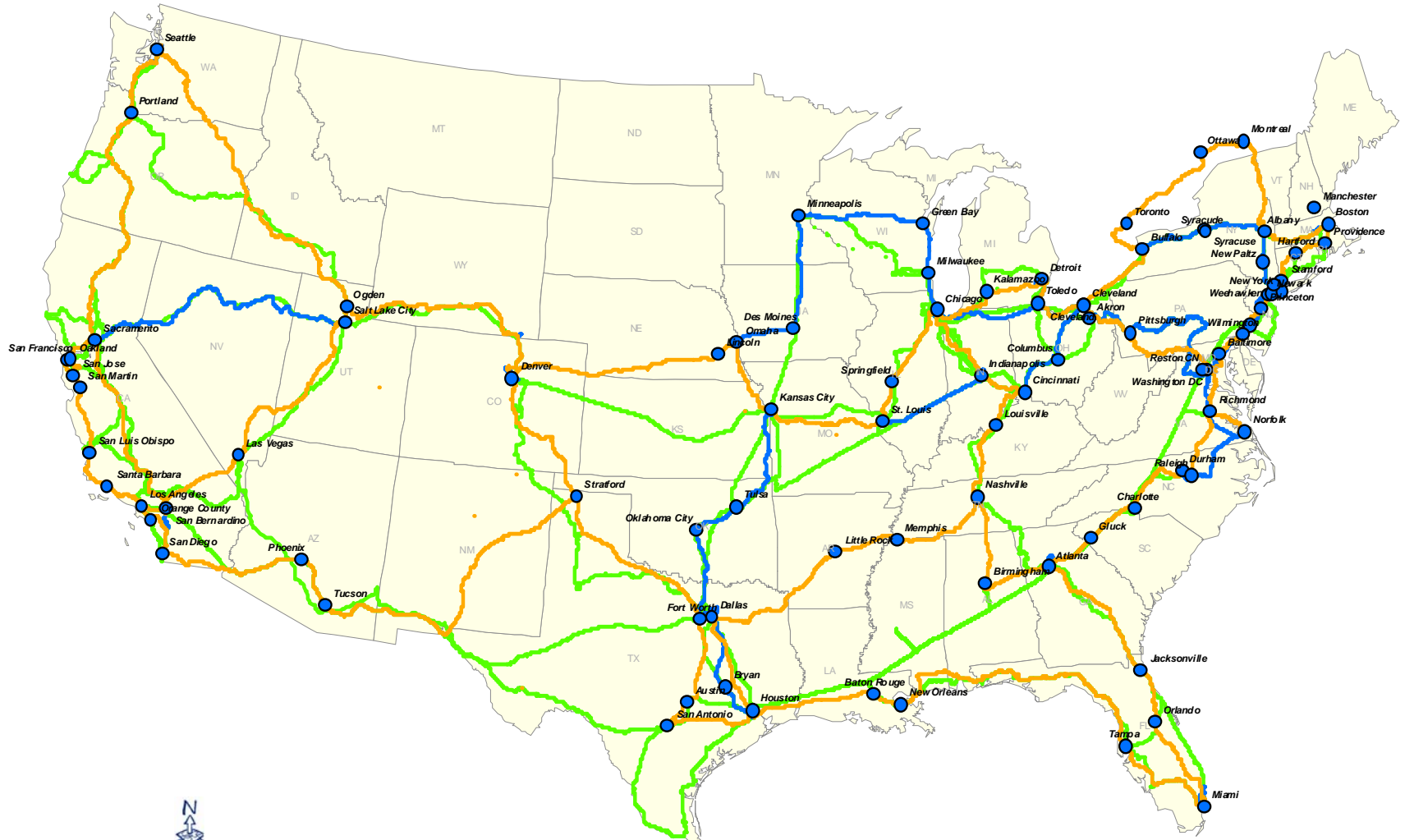
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# Level 3 Communications

- ❑ Wholesale provider of network components to telecommunications carriers, IP providers and VoIP service providers including access to E-911 services
- ❑ Offer Internet, Data, and Voice to medium and large enterprise customers
- ❑ Offer content support and video services through content market group and Vyvx subsidiary
- ❑ Largest US CLEC based on interconnection trunks and 911 infrastructure
- ❑ Over 33,300 fiber route miles in the US and Europe
- ❑ Network designed for capacity and efficiency
- ❑ One of the world's largest IP networks
- ❑ Carry over 5 petabytes of traffic each day
  - Roughly 2.5 times the amount of data contained in all US academic research libraries combined

## Level 3 & WilTel



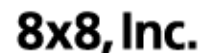
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### Legend

- Level 3 Facility
- Level 3 Intercity
- Level 3 Intercity Expansion
- Level 3 Intercity (WITel)

# Wholesale Customers

- The world's 10 largest telecom providers
- The 4 largest U.S. ILECs
- The 10 largest carriers in Europe
- The 4 largest ISPs
- The 6 largest U.S. cable companies
- Major wireless providers
- Major satellite companies
- Internet content providers
- Media and entertainment companies
- Research and academic institutions
- 35 Federal Departments & Agencies




# Enterprise/Content/Video Customers

- ❑ **Ben & Jerry's**
- ❑ **Cessna Aircraft**
- ❑ **The Coleman Company**
- ❑ **The Commonwealth of Pennsylvania**
- ❑ **EDS Fletcher Allen Healthcare**
- ❑ **Harley-Davidson**
- ❑ **Hershey Foods Corporation**
- ❑ **Highmark Blue Cross Blue Shield**
- ❑ **The Pennsylvania State University**
- ❑ **PinnacleHealth System**
- ❑ **Shop at Home Network**
- ❑ **SunGard**
- ❑ **The United States Navy**
- ❑ **Williams-Sonoma**
- ❑ **YouTube & MySpace**
- ❑ **Major TV Networks, Sport Leagues & Advertisers**

# Current scheme reflects the Gordian Knot created by regulation

- Based on a tension between:
  - Social policy goals
  - Traditional interconnection needs
  - Economics of the circuit switched network
  - Competing governmental jurisdictions



# Technology has advanced to the point where these distinctions no longer make sense

- ❑ IP networks do not recognize the arbitrary regulatory boundaries such as LCAs, LATAs, Etc.
- ❑ The economics of an IP network are constrained by the present, antiquated regulatory regime

Plan offers a transition from the highly regulated structure of today where business people make investment decisions based on regulatory requirements, to a more efficient, market based regime

- Moves some implicit access to SLCs where they will face competitive pressure
  - When a carrier can't recover that rate because the market is competitive, that means the market is working
- More opportunities for efficient interconnection
- These are default rules. Parties are free to negotiate other arrangements
- Reduces regulatory arbitrage
- Solves issues that have been plaguing the industry:
  - VoIP
  - VNXX
  - Transit, Phantom traffic
- Opens rural markets to greater access without imposing the unbundling and telric obligations of the Act:
  - Greater opportunities to allow access to next generation networks